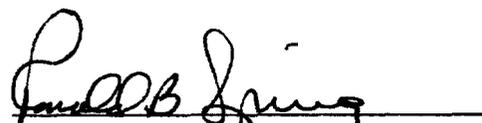


I, Ronald B. Spring, Assistant Secretary of GTE CORPORATION, a New York corporation, HEREBY DO CERTIFY that the foregoing is a true, correct and complete copy of resolutions duly adopted at a Special Meeting of the Board of Directors of said Corporation under date of July 27, 1998, and that said resolution is still in full force and effect.

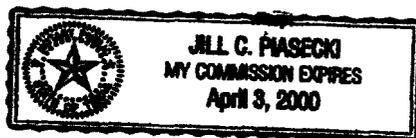
WITNESS my hand and the seal of said Corporation this 4<sup>th</sup> day of August, 1999.

  
Ronald B. Spring  
Assistant Secretary  
GTE CORPORATION

#### ACKNOWLEDGEMENT

State of Texas           §  
                                  §  
County of Dallas       §

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of August, 1999, by Ronald B. Spring, Assistant Secretary of GTE Corporation, a New York corporation.



  
Notary Public

**BELL ATLANTIC CORPORATION**

**Delegation of Authority**

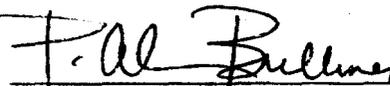
Pursuant to resolutions adopted by a Special Meeting of the Board of Directors of Bell Atlantic Corporation (the "Corporation"), under date of July 27, 1998, a certified copy of which is attached hereto, authorizing each of the officers of the Corporation to enter into, execute and deliver a Merger Agreement on behalf of the Corporation and to make any required regulatory filings and to obtain any required approvals or consents to the Merger, the undersigned hereby delegates to attorneys John M. Walker, Walter F. Chow and Edgardo Nieves, acting singly or jointly, the authority to represent the Corporation before the Puerto Rico Telecommunications Regulatory Board.

The authority herein granted is valid until December 31, 1999.

IN WITNESS WHEREOF, Bell Atlantic Corporation has caused this Delegation of Authority to be executed in its name and on its behalf by P. Alan Bulliner, Associate General Counsel and Corporate Secretary, and has caused its corporate seal to be affixed hereto on the 23<sup>rd</sup> day of July, 1999.

**BELL ATLANTIC CORPORATION**

By:



P. Alan Bulliner

Associate General Counsel  
and Corporate Secretary

ACKNOWLEDGMENT

State of *New York*  
County of *New York*

)  
)

The foregoing instrument was acknowledged before me this 23 day of July, 1999, by P. Alan Bulliner, Associate General Counsel and Corporate Secretary of Bell Atlantic Corporation, a Delaware corporation, on behalf of the Corporation.

*Fredeline Iamicali*

NOTARY PUBLIC

(My Commission Expires \_\_\_\_\_)

*Fredeline Iamicali*  
Notary Public, State of New York  
No. 4718931  
Qualified in Putnam County  
Certificate Filed in Westchester County  
Term Expires June 30, 19 2000

**BELL ATLANTIC CORPORATION**

**Certified Copy of Resolutions**

RESOLVED FURTHER: That each of the officers of the Corporation (each, an "Authorized Signatory"), acting alone, is authorized for, on behalf of and in the name and of the Corporation, to enter into, execute and deliver the Merger Agreement and the Option Agreements, substantially in the forms submitted to and approved at this meeting, with such changes therein or additions thereto or, after the Merger Agreement or Option Agreements have been executed, amendments thereto, as may, upon advice of counsel, be approved or deemed necessary, appropriate or advisable by the Authorized Signatory executing the same on behalf of the Corporation. The execution and delivery on behalf of the Corporation thereof (or of any amendment) by any such Authorized Signatory shall be deemed to be conclusive evidence of the approval by the Corporation of all such changes or additions;

\* \* \* \*

RESOLVED FURTHER: That each Authorized Signatory is authorized and directed in the name and on behalf of the Corporation to make any required regulatory filings and to seek to obtain any required approvals or consents to the Merger and to any and all actions contemplated in connection therewith of all necessary parties including, without limitation, Federal, state, municipal or foreign agencies, lessors, insurers and any other parties pursuant to any agreement, contract, lease, license, permit, easement or other document or instrument under which the Corporation or any of its subsidiaries or affiliates is bound;

RESOLVED FURTHER: That the Authorized Signatories are authorized and empowered in the name and on behalf of the Corporation to execute and deliver any and all other agreements, amendments, documents and instruments and to take any and all other actions as they or any of them in their reasonable discretion deem necessary or advisable for the purpose of consummating the Merger, carrying out the terms of the Merger Agreement or the Option Agreements and otherwise effecting and carrying out the foregoing resolutions, and that the authority of the Authorized Signatories to execute and deliver any such agreements, amendments, documents and instruments and to take any such other actions shall be conclusively evidenced by their execution and delivery thereof, and their taking any such actions;

I, P. Alan Bulliner, Associate General Counsel and Corporate Secretary of Bell Atlantic, a Delaware corporation, HEREBY DO CERTIFY that the foregoing is a true, correct and complete copy of resolutions duly adopted at a Special Meeting of the Board of Directors of said Corporation under date of July 27, 1998, and that said resolution is still in full force and effect.

WITNESS my hand and the seal of said Corporation this 23<sup>th</sup> day of July, 1999.

  
\_\_\_\_\_  
P. Alan Bulliner, Associate  
General Counsel and Corporate  
Secretary

#### ACKNOWLEDGMENT

State of *New York* )  
County of *New York* )

The foregoing instrument was acknowledged before me this 23 day of July, 1999, by P. Alan Bulliner, Associate General Counsel and Corporate Secretary of Bell Atlantic Corporation, a Delaware corporation, on behalf of the Corporation.



NOTARY PUBLIC

(My Commission Expires \_\_\_\_\_)

*Fredoline Iamiceci*

Notary Public, State of New York  
No. 471893I

Qualified in Putnam County  
Certificate Filed in Westchester County  
Term Expires June 30, 19 2000



GOBIERNO DE PUERTO RICO  
JUNTA REGLAMENTADORA DE TELECOMUNICACIONES  
DE PUERTO RICO

PETICIÓN CONJUNTA PARA  
AUTORIZACIÓN DE FUSION  
CORPORATIVA ENTRE GTE CORPORATION  
Y BELL ATLANTIC CORPORATION  
Peticionarios

CASO NÚM. JRT-CERT-0013

SOBRE: Solicitud de Autorización para  
Fusión Corporativa

Petición Conjunta

**RESOLUCION Y ORDEN**

El 16 de agosto de 1999, GTE Corporation, en adelante "GTE", y Bell Atlantic Corporation, en adelante "Bell Atlantic", radicaron ante esta Junta una "Petición Conjunta para Autorización de Fusión Corporativa entre GTE Corporation y Bell Atlantic Corporation", en adelante "la Petición". Mediante ésta, GTE y Bell Atlantic solicitan a la Junta Reglamentadora de Telecomunicaciones de Puerto Rico la autorización para la fusión corporativa entre GTE y Bell Atlantic por entender que dicha fusión es cónsona con los mejores intereses del Pueblo de Puerto Rico y está de acuerdo con la Ley Federal de Telecomunicaciones de 1996 y la Ley Núm. 213 de 12 de septiembre de 1996.

La referida solicitud está acompañada de los siguientes documentos:

- a. Anejo I - "Agreement and Plan of Merger Dated as of July 27, 1998 among Bell Atlantic Corporation, Beta Gamma Corporation, and GTE Corporation".
- b. Anejo II- "1997 Bell Atlantic Corporation Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934".
- c. Anejo III- "Bell Atlantic Corporation's Latest Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934".
- d. Anejo IV- "Certified Financial Statements for Bell Atlantic Corporation".
- e. Anejo V- Declaración sobre capacidad financiera.
- f. Anejo VI- Declaración de Iván Seidenberg, Chairman and Chief Executive Officer de Bell Atlantic Corporation.
- g. Anejo VII- Certificado de Good Standing de Bell Atlantic Corporation.
- h. Artículos de Incorporación de Bell Atlantic Corporation

**DETERMINACIONES DE HECHOS**

El 24 de septiembre de 1997, esta Junta emitió la Certificación Número JRT-CERT-0013, según enmendada, certificando a Puerto Rico Telephone Company, Inc. en adelante "PRTC", una corporación del Estado de Delaware, subsidiaria de la Autoridad de Teléfonos de Puerto Rico, en adelante "ATPR", como empresa dedicada a prestar servicios de telecomunicaciones, incluyendo, servicio local, larga distancia intra-isla y servicios de valor agregado para toda la isla de Puerto Rico.

Mediante la Resolución Conjunta Núm. 209 de 24 de junio de 1998, en adelante la Resolución Conjunta 209, el Gobierno de Puerto Rico autorizó a la ATPR a vender la mayoría de las acciones de la PRTC a GTE Holdings (Puerto Rico) LLC, en adelante GTE Holdings.



GTE Holdings es una compañía de responsabilidad limitada, organizada al amparo de las leyes del estado de Delaware, subsidiaria de GTE International Communications Incorporated, una corporación organizada al amparo de las leyes del estado de Delaware, a su vez una subsidiaria de GTE Corporation, una corporación organizada al amparo de las leyes del estado de Nueva York, quien actualmente posee 22 millones (22,000,000) de líneas de acceso en 28 estados.

Bell Atlantic es una corporación creada y existente bajo las leyes del estado de Delaware. Bell Atlantic y GTE firmaron un acuerdo y un plan de fusión con fecha de 27 de julio de 1998, donde GTE será una subsidiaria completamente perteneciente a Bell Atlantic. Bell Atlantic es una compañía que no presta servicio en Puerto Rico pero que tiene en exceso de 40 millones (40,000,000) de líneas de acceso en catorce estados.

El 26 de enero de 1999, PRTC notificó a esta Junta que, efectivo el 1<sup>o</sup> de febrero de 1999, la PRTC se fusionó con PRTC Merger Company, Inc. Una corporación de Puerto Rico, siendo ésta a su vez, subsidiaria de la ATPR. PRTC Merger Company es la corporación superviviente de dicha fusión, la cual enmendó sus artículos de incorporación para cambiar su nombre corporativo a Puerto Rico Telephone Company, Inc. Como resultado de la fusión, la corporación sobreviviente, esto es, Puerto Rico Telephone Company, Inc. Adquirió todos los activos, derechos, privilegios, poderes y franquicias, así como todos los pasivos y obligaciones de la anterior PRTC. La Junta tomó conocimiento de lo antes señalado y conforme a ello se anotó en la certificación original, otorgada bajo el número JRT-CERT-0013, que, a partir del 1<sup>o</sup> de febrero de 1999, la empresa tenedora de la misma es Puerto Rico Telephone Company, Inc., una corporación organizada al amparo de las leyes de Puerto Rico.

El 18 de febrero de 1999, esta Junta aprobó la solicitud de autorización para el cambio de control de la Puerto Rico Telephone Company, Inc., a GTE Holdings. Este cambio de control ocurriría al ATPR traspasar el 100% de las acciones de Celulares Telefónica, Inc, en adelante "CTI " y de PRTC Merger Company Inc., a Telecomunicaciones de Puerto Rico, Inc., en adelante, TELPRI.

Las facilidades inalámbricas y sus correspondientes autorizaciones fueron transferidas a CTI el 1<sup>o</sup> de septiembre de 1998 por mandato de la FCC. La PRTC, con sus restantes activos y pasivos, se fusionó con PRTC Merger Company, Inc., y se renombró como Puerto Rico Telephone Company, Inc. GTE Holdings adquirió el 51% más una de las acciones de TELPRI. Posteriormente, GTE Holdings traspasó el 11% de dichas acciones, manteniendo el 40% más una de las acciones de TELPRI.

La Petición se presentó de conformidad con las disposiciones de la Ley Núm. 213 de 12 de septiembre de 1996, conocida como "Ley de Telecomunicaciones de Puerto Rico de 1996". Además, la Petición cumple con las disposiciones aplicables del Reglamento para la Petición de Certificación y Franquicias Núm. 5631, aprobado por la Junta el 23 de mayo de 1997.



Las Juntas de Directores de GTE y Bell Atlantic aprobaron un acuerdo de fusión corporativa, en adelante el "Acuerdo de Fusión", el cual provee para la unión de las

compañías matrices, lo cual ocurrirá al GTE fusionarse con Beta Gamma, una subsidiaria de Bell Atlantic creada con el único propósito de facilitar la fusión corporativa. GTE será la compañía subsidiaria superviviente y Bell Atlantic será la compañía matriz.

Como parte de las gestiones necesarias para el cierre de la fusión corporativa, el 2 de octubre de 1998, GTE y Bell Atlantic radicaron ante la Comisión Federal de Comunicaciones, en adelante la "FCC", una "Solicitud de Transferencia de Control" solicitando la autorización necesaria para la fusión corporativa.

Cuando se realice la fusión corporativa entre GTE y Bell Atlantic, GTE Holdings continuará siendo accionista mayoritario de TELPRI. Las Certificaciones y licencias que actualmente posee la Puerto Rico Telephone Company, Inc. continuarán siendo poseídas por dicha entidad. Bell Atlantic, como la compañía matriz de GTE, habrá adquirido control indirecto sobre las subsidiarias de GTE, TELPRI y sobre la PRTC.

### CONCLUSIONES DE DERECHO

La Petición está de conformidad con las disposiciones de la Ley 213 y cumple, además, con las disposiciones aplicables del Reglamento Núm. 5631.

GTE y Bell Atlantic no compiten en el mercado de Puerto Rico por lo que la transacción contemplada no tendrá impacto alguno sobre la libre competencia en la prestación de servicios que promueve la Ley 213. Además, el 7 de mayo de 1999, el Departamento de Justicia de los Estados Unidos, responsable de la implementación de las leyes anti-monopolísticas, determinó que no había razón bajo dichas leyes para impugnar la fusión corporativa, siempre y cuando las compañías dispusieran de ciertas propiedades dedicadas a servicios inalámbricos (ninguna en Puerto Rico) para eliminar cualquier conflicto. Por lo tanto, GTE y Bell Atlantic tienen autorización federal bajo las leyes anti-monopolísticas para efectuar la fusión corporativa. Aún cuando GTE y Bell Atlantic han solicitado a la FCC la autorización necesaria para efectuar la fusión corporativa, a esta fecha dicha solicitud está pendiente.

De conformidad con el Artículo 2, Capítulo III de la Ley Núm. 213 y la Sección 5.4 del Reglamento Núm. 5631, la Junta determina que (i) los peticionarios están legal, técnica, financiera y moralmente cualificados para controlar la Puerto Rico Telephone Company, Inc.; (ii) el conceder la petición es consistente con las disposiciones, el propósito y la política pública de la Ley Núm. 213; (iii) el servicio se continuará proveyendo en forma no discriminatoria y sin interrupciones irrazonables; (iv) la Petición cumple con los requisitos de ley aplicables; (v) la Puerto Rico Telephone Company Inc., proveerá a esta Junta copias de esta Petición en forma 10K de GTE y Bell Atlantic radicadas ante la Securities and Exchange Commission y participará anualmente en una reunión con esta Junta sobre la situación de la Puerto Rico Telephone Company, Inc. ("state of the company meeting") durante los primeros cinco (5) años siguientes a la fusión corporativa entre GTE y Bell Atlantic; y (vi) la fusión corporativa entre GTE y Bell Atlantic no menoscabará la autoridad de esta Junta sobre la Puerto Rico Telephone Company, Inc. Y ésta continuará cumpliendo con todas las reglas y reglamentos aplicables de esta Junta. Además, las peticionarias presentarán a la Junta antes



de la fusión las normas que implantarán relativas a standards de calidad de servicios; y las cuales estarán vigentes hasta que la Junta apruebe la reglamentación pertinente.

Vistos los documentos antes señalados, y según las Conclusiones de Derecho y la Petición Conjunta para Autorización de Fusión Corporativa entre GTE Corporation y Bell Atlantic Corporation, radicada el 16 de agosto de 1999, la Junta dicta la Orden que se transcribe a continuación.

*CON LUGAR la petición Conjunta para Autorización de Fusión Corporativa entre GTE Corporation y Bell Atlantic Corporation, por estar esta transacción a tono con los mejores intereses del pueblo de Puerto Rico, todas las Certificaciones concedidas a la Puerto Rico Telephone Company, Inc., incluyendo sin que se entienda como una limitación, la Certificación Número JRT-CERT-0013, siguen en efecto.*

Los peticionarios tienen que someter un escrito donde acepten los términos de esta Resolución y Orden, firmado por un oficial de Bell Atlantic y de GTE Corporation.

Esta Resolución y Orden entrará en vigor simultáneamente y únicamente cuando la FCC brinde la autorización necesaria para la fusión corporativa entre GTE y Bell Atlantic.

Disponiéndose que cualquier parte afectada por esta decisión podrá formular y radicar una solicitud de reconsideración en la Secretaría de esta Junta Reglamentadora de Telecomunicaciones dentro de los primeros veinte (20) días contados a partir del archivo en autos de la notificación de esta Orden. El solicitante deberá enviar copia de tal escrito por correo a las partes que hayan intervenido en los procedimientos.

La Junta Reglamentadora de Telecomunicaciones de Puerto Rico dentro de los quince (15) días de haberse presentado dicha moción de reconsideración deberá considerarla. Si la rechazare de plano o no actuare dentro de los quince (15) días, el término de treinta (30) días para solicitar revisión judicial comenzará a correr nuevamente desde que se notifique dicha denegatoria o desde que expiren esos quince (15) días, según sea el caso. Si se tomare alguna determinación en su consideración, el término para solicitar revisión empezará a contarse desde la fecha en que se archiva en autos una copia de la notificación de la resolución de la Junta resolviendo definitivamente la moción, la anterior resolución deberá ser emitida y archivada en autos dentro de los noventa (90) días siguientes a la radicación de la moción de reconsideración. Si la Junta dejare de tomar alguna acción con relación a la moción de reconsideración dentro de los noventa (90) días de haber sido radicada una moción acogida para resolución, perderá jurisdicción sobre la misma y el término para solicitar la revisión ante el Tribunal de Circuito de Apelaciones empezará a contarse a partir de la expiración de dicho término de noventa (90) días salvo que el Tribunal, por justa causa, autorice a la Junta una prórroga para resolver, por un periodo razonable.

Si para por no solicitar la reconsideración, o si la misma le es adversa, conforme a lo dispuesto en la Sección 4.2 de la Ley de Procedimiento Administrativo Uniforme (Ley Número 10 de 12 de agosto de 1988, según enmendada), una parte adversamente afectada por una orden o resolución final de esta Junta podrá presentar una solicitud de apelación ante el Tribunal de Circuito de Apelaciones de Puerto Rico con competencia dentro de un término de treinta (30) días contados a partir de la fecha de archivo en autos de la copia de la notificación de la orden o resolución final de la Junta. La parte notificará la presentación de la solicitud de apelación a la Junta y a todas las partes dentro del término para solicitar dicha revisión. La notificación podrá hacerse por correo.

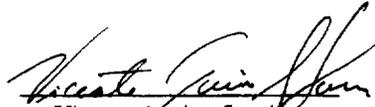
**NOTIFIQUESE** con una copia de la presente Resolución a: Lcdo. Walter F. Chow y Lcdo. Edgardo Nieves, O'Neill & Borges, Octavo Piso, American International Plaza, 250 Muñoz Rivera Ave., Hato Rey, Puerto Rico 00918-1808, representantes de GTE Corporation

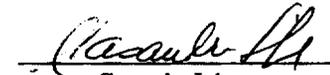


y Bell Atlantic Corporation; y a Jon Slater y José A. Arroyo Dávila, representantes de la Puerto Rico Telephone Company, P.O. Box 360098, San Juan, Puerto Rico 00936-0098.

Así lo acordó la Junta por el voto de sus miembros en su sesión de 21 de enero de 2000.

  
Phoebe Forsythe Isaacs  
Presidenta

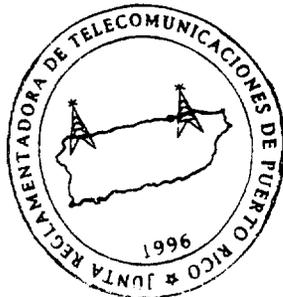
  
Vicente Aguirre Iturrino  
Miembro Asociado

  
Casandra López  
Miembro Asociado

#### CERTIFICACION

CERTIFICO que la presente es copia fiel y exacta de la Resolución y Orden aprobada por los miembros de la Junta el 21 de enero de 2000; CERTIFICO además que hoy 31 de enero de 2000, he remitido copia de la presente Resolución y Orden por correo regular y por correo electrónico, a las partes indicadas en el Notifíquese y he procedido con el archivo en autos de la misma.

Y PARA QUE ASI CONSTE, firmo la presente en San Juan, hoy 31 de enero de 2000.



  
CJOR H.J. MONTES GILORMINI  
Secretaria de la Junta



GOVERNMENT OF PUERTO RICO  
TELECOMMUNICATIONS REGULATORY BOARD  
OF PUERTO RICO

JOINT PETITION FOR AUTHORIZATION  
OF CORPORATE MERGER BETWEEN  
GTE CORPORATION AND BELL  
ATLANTIC CORPORATION  
Petitioners

CASE NO. JRT-CERT-0013

RE: Petition for Authorization of  
Corporate Merger

Joint Petition

**SUBMISSION OF QUALITY STANDARDS**

Puerto Rico Telephone Company, Inc. ("PRTC") by its attorney, respectfully states that through a Resolution and Order adopted on January 21, 2000 in the above captioned proceeding, the Board ordered to submit prior to the Bell Atlantic/GTE merger, the quality standards to be implemented for PRTC's services, which standards will be in place until the Board approves the corresponding regulations.

In compliance with this requirement, PRTC offers the following quality standards, outlined for each of its operational areas. The outline presents in each section the name of the operational area of the Company, followed by the list of services provided and continues with the quality standards adopted for each service mentioned in the list.

**I. Sales and Customers Contact Centers**

**A. Services:**

- 1) Operator Services Centers
  - a) Toll Assistance - Intra-lata (0)
  - b) Directory Assistance (411)
- 2) Customer Service Centers 8-1-1
  - a) Residential Orders & Billing
  - b) Business Orders & Billing
- 3) Sales & Services Center 775-0000

OFICINA DE REGISTRO

00 MAY 31 P 3:05

JUNTA REGULADORA DE  
TELECOMUNICACIONES  
DE PUERTO RICO

**B. Quality Standards:**

- 1) **Average Speed of Answer (ASA)** - Average number of seconds customers had to wait to reach a call center agent.
  - a) Toll & Directory Assistance - 10 secs.
- 2) **Average Handling Time (AHT)** - Average time in seconds the agent is handling a call. This includes busy time, work time, and outgoing time.
  - a) Toll Assistance Intra-lata - 25 secs.
  - b) Directory Assistance - 23 secs.
- 3) **Service Level (SVL)** - The percentage of calls answered within a specific answering time goal.
  - a) Customer Service, Sales & Services - 85%

**II. Central Offices Service – Network Operations Center and Support**

**A) Services:**

- 1) Service Index
- 2) Dial Tone Delay

**B. Quality Standards:**

- 1) **Service Index** - Measures switch performance, call processing attempts, initializations, system faults and maintenance busy equipment
  - a) Objective - 97%
- 1) **Dial Tone Delay** - Delay in seconds that the customer waits for dial tone.
  - a) Objective - Less than 3 seconds.

**III. Special Facilities Services**

**A. Services:**

- 1) Repair function
- 2) Service Order Processing (provisioning)

**B. Quality Standards - Repair**

- 1) **Daily Pending Trouble Reports** - Lists on a daily basis all trouble tickets in the Special Facilities Repair Administration System (SFRA) pending to be repaired.

a) Objective - .3% of active circuits

- 2) **Out of Service Clearing Average Time** - Average elapsed time measured from the time the ticket is opened to the time it is closed in the SFRA system.

a) Objective:

0 DAYS	40%
1 DAY	40%
2 DAYS	15%
3 DAYS OR MORE	5%

### C. Quality Standards - Service Order Processing

- 1) **Total pending Service Orders** - List of all pending orders successfully entered into the Force Management System (FMS) that are not completed, cancelled or purged.
- a) Normal Processing – Orders not delayed (see Attachment A to observe objectives by function).
- b) Delayed Service Orders (see Attachment B to observe objectives by function).

## IV. Wireline Local Services

### A. Services:

- 1) Repair Carry Over
- 2) Repair Reports cleared in 24 hours
- 3) Repair Reports/100 lines
- 4) Repair Reports Pay Phones (x100)
- 5) Repeated Reports
- 6) Orders/10 days

### B. Quality Standards:

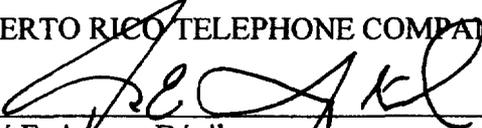
- 1) **Repair Carry Over** - Total pending repair reports.
  - a) Objective - 5 per 1000 lines
- 2) **Repair Reports Cleared in 24 hours**
  - a) Objective - 60%
- 3) **Repair Reports Pay Phones (x100)** - Percentage of pending pay phones repair reports.
  - a) Objective - 7.7 x100

- 4) **Repair Reports/100 Lines** - Percentage of repair reports per lines in service.
  - a) Objective - 6.0%
  
- 5) **Repeated Reports** - Total # of repair reports where same line is reported. with same trouble within 30 days.
  - a) Objective - 18%
  
- 6) **Orders/10 Days** - Total number of new installations service orders that are completed within 10 working days.
  - a) Objective - 65%

Respectfully submitted,

PUERTO RICO TELEPHONE COMPANY, INC.

By:

  
\_\_\_\_\_  
José E. Arroyo Dávila  
Puerto Rico Bar No. 11630  
PUERTO RICO TELEPHONE COMPANY, INC.  
1515 Roosevelt Avenue  
12th Floor  
Caparra Heights, PR 00921  
(787) 793-8441  
Its Attorney

May 31, 2000

## SPECIAL FACILITIES SERVICE ORDER PROCESSING OBJECTIVES -- NORMAL FLOW --

TASK DESCRIPTION	OBJECTIVE IN DAYS	RESPONSIBLE
SERVICE ORDER ENTRY	1	NS&A AND MARKETING DEPTS.
PLANT ASSIGNMENT	2	PLANT OPERATIONS DEPTS.
CIRCUIT DESIGN	5	CIRCUIT PLANNING & DESIGN DEPT.
NETWORK DESIGN	5	NETWORK DESIGN DEPT.
C.O. INSTALLATION	5	SF INSTALLATION DEPT.
REACT C.O. WIRING TEST	2	REACT DIVISION
PLANT ASSIGNMENT PRE-QUALIFICATION	3	PLANT OPERATIONS DEPTS.
FIELD INSTALLATION	10	SF INSTALLATION DEPT.
REACT ACCEPTANCE TEST	2	REACT DIVISION
CLOSE OUT	2	SF CONTROL CENTER

## SPECIAL FACILITIES SERVICE ORDER PROCESSING OBJECTIVES \*\* DELAYED ORDERS FLOW \*\*

DELAY DESCRIPTION	DELAY CODE	RESPONSIBLE	OBJECTIVE
DEFECTIVE FEEDER PAIRS	21	PLANT OPERATIONS DEPT.	THREE DAYS TO FIX PROBLEM
DEFECTIVE AUXILIARY (HC) PAIRS	23	PLANT OPERATIONS DEPT.	THREE DAYS TO FIX PROBLEM
PENDING INSTALLATION SERVICE WIRE	30	PLANT OPERATIONS DEPT.	THREE DAYS TO FIX PROBLEM
EXCESSIVE DISTANCE FROM C.O.	80D	NOISE MITIGATION	THREE DAYS TO FIX PROBLEM
A.C. VOLT INDUCTANCE	80	NOISE MITIGATION	THREE DAYS TO FIX PROBLEM
LACK OF FEEDER PAIRS	20	O.P. ENGINEERING DEPTS.	30 DAYS TO ISSUE AND APPROVE PWO/EE
LACK OF AUXILIARY (HC) PAIRS	22	O.P. ENGINEERING DEPTS.	30 DAYS TO ISSUE AND APPROVE PWO/EE
NO BUILDING ENTRANCE CABLE	19	O.P. ENGINEERING DEPTS.	30 DAYS TO ISSUE AND APPROVE PWO/EE
NO OUTSIDE PLANT AVAILABLE	18	O.P. ENGINEERING DEPTS.	30 DAYS TO ISSUE AND APPROVE PWO/EE
CIRCUIT DOES NOT MEET TRANSMISSION PARAMETERS	17,39,40	S.P. INSTALLATION	THREE DAYS TO FIX PROBLEM
LACK OF TRANSMISSION FACILITIES	76	TRANSMISSION ENG. DEPT.	FIVE DAYS TO SOLVE PROBLEM OR ISSUE PWO/PO
LACK OF C.O. FACILITIES	79	C.O. ENGINEERING DEPT.	FIVE DAYS TO SOLVE PROBLEM OR ISSUE PWO/PO
DISCREPANCIES IN THE DESIGN/ASSIGNED TRANSM. FACS.	74	CIRCUIT PLANN. & DESIGN	FIVE DAYS TO SOLVE PROBLEM OR REFER TO TRANSM ENG
CUSTOMER RELATED DELAYS	SEVERAL	NS & A - MARKETING DEPTS.	15 DAYS MAXIMUM WITH THE SAME DELAY



Before The  
**PUERTO RICO TELECOMMUNICATIONS REGULATORY  
BOARD**  
San Juan, Puerto Rico

\_\_\_\_\_ )  
In the Matter of )

Request for Comments on Market Dominance )  
by the Puerto Rico Telephone )  
Company )  
\_\_\_\_\_ )

Public Notice Dated March 17, 2000

To: The Honorable Board

**COMMENTS OF STSJ OVERSEAS TELEPHONE COMPANY, INC. D/B/A TRESKOM  
PUERTO RICO DIVISION/PRIMUS AND PRIMUS TELECOMMUNICATIONS, INC.  
ABOUT MARKET DOMINANCE BY THE PUERTO RICO TELEPHONE COMPANY**

Priscilla A. Whitehead  
Ulises R. Pin  
SWIDLER BERLIN SHEREFF FRIEDMAN, LLP  
3000 K Street, N.W.  
Suite 300  
Washington, D.C. 20007  
(202) 424-7500

Attorneys for STSJ Overseas Telephone Company,  
Inc. d/b/a Trescom Puerto Rico Division/Primus  
and Primus Telecommunications, Inc.

April 28, 2000

**Before The  
PUERTO RICO TELECOMMUNICATIONS REGULATORY  
BOARD**

**San Juan, Puerto Rico**

In the Matter of )

Request for Comments on Market Dominance )  
by the Puerto Rico Telephone )  
Company )

Public Notice Dated March 17, 2000

To: The Honorable Board

**COMMENTS OF STSJ OVERSEAS TELEPHONE COMPANY, INC. D/B/A TRESKOM  
PUERTO RICO DIVISION/PRIMUS AND PRIMUS TELECOMMUNICATIONS, INC.  
ABOUT MARKET DOMINANCE BY THE PUERTO RICO TELEPHONE COMPANY**

STSJ Overseas Telephone Company, Inc. d/b/a Trescom Puerto Rico Division/Primus ("Primus"), a provider of competitive intraisland interexchange services in Puerto Rico; and Primus Telecommunications, Inc. ("Primus Telecom"), a provider of local exchange services throughout the United States and applicant for a certification as a competitive local exchange carrier in Puerto Rico, collectively "the Parties", through their undersigned counsel, hereby submit the following comments in response to the March 17, 2000 Public Notice requesting comments in the above-captioned proceeding.

The Parties urge the Puerto Rico Telecommunications Regulatory Board (the "Board") to continue to regulate the Puerto Rico Telephone Company ("PRTC") as a dominant carrier in the Puerto Rico telecommunications market, pursuant to Article III-1 of Law 213 of September 12, 1996, known as the "Puerto Rico Telecommunications Law of 1996" (27 L.P.R.A. Sections 265-272).

As new entrant telecommunications carriers in a markets that is dominated by the historically monopolist incumbent local exchange carrier ("ILEC"), such as PRTC, the Parties have a particular interest in the present proceeding. The Parties submit that in light of the nascent state of competition in the local exchange, access and intransland telecommunications market in Puerto Rico, it would be premature for the Board to consider reducing in any way, much less, eliminating the regulation of PRTC as a dominant carrier.

The Parties believe that without the continuation of the dominant treatment of the PRTC, the development of competition in Puerto Rico will be severely jeopardized and will not be in the public interest. Moreover, the Parties urge the Board to implement additional competitive safeguards and other measures to assure that PRTC does not improperly hinder the timely implementation of competition.

**I. PRTC AND ITS PARENT COMPANY ARE THE HISTORICALLY DOMINANT PLAYERS IN THEIR RESPECTIVE MARKETS**

PRTC is the incumbent local exchange carrier and the virtual monopoly provider of local exchange services, access services and intransland interexchange services in Puerto Rico. It is the only universally available carrier on the island, has the only island-wide ubiquitous network, and has the largest customer base, by far. Through its network PRTC offers local, intra-island long distance, wireless and Internet access services to the residential and business markets. As of December 1999, PRTC serves nearly 1.3 million access lines, more than 250,000 cellular subscribers and approximately 183,000 paging customers in Puerto Rico.<sup>1</sup> The market share of PRTC dwarfs the

---

<sup>1</sup> *GTE Corporation Annual Report on Form 10-K405 for the period ended December*  
(continued...)

shares of competitors in the local exchange, access, and intra-island interexchange markets, both individually and collectively. ILECS, such as PRTC have certain inherent competitive advantages including: 1) ownership of the only ubiquitous network; 2) control of network elements necessary for competitors to provide services; 3) long-standing relationships with their customers; and 4) financial, technical and marketing resources substantially greater than their competitors.

PRTC is a wholly-owned subsidiary of Telecomunicaciones de Puerto Rico, Inc. ("TELPRI"). In March 1999, GTE Corporation acquired 40% of TELPRI, and currently has *de jure* and *de facto* control over PRTC. In turn, GTE Corporation is the largest independent LEC and the fourth largest LEC overall in the United States.<sup>2</sup> According to information posted on its website, GTE Corporation, through its subsidiaries, offers local telephone service to over 21.5 million access lines in twenty-nine states, wireless and personal communications services to 62 million customers in seventeen states, and long distance, competitive local exchange, and Internet access services throughout the United States. At the end of 1999, GTE Corporation and its subsidiaries had revenues for \$25,336 million dollars and net income of \$4.0 billion dollars.<sup>3</sup> Moreover, GTE Corporation also has extensive international operations.<sup>4</sup>

---

<sup>1</sup>(...continued)

31, 1999, filed with the Securities and Exchange Commission ("SEC") at page 10.

<sup>2</sup> Preliminary Statistics of Communications Common Carriers at 13, Table 2.1 (1997 Edition). These rankings are based upon total operating revenues, and consider Regional Bell Companies as single entities and all United Telephone Company entities jointly.

<sup>3</sup> *GTE Corporation 1999 Annual Report*, issued March 2000 at pages 6 and 7.

<sup>4</sup> GTE Corporation owns or has a controlling interest in telecommunications providers in the Dominican Republic (Compañía Dominicana de Teléfonos), Venezuela (Compañía Anónima Nacional de Teléfonos de Venezuela), the Provinces of Quebec (Quebec Telephone Company) and  
(continued...)

## II. LOCAL EXCHANGE COMPETITION

### A. PRTC is a virtual monopoly in the local exchange market.

The Parties submit that, given the lack of genuine competition in the local telecommunications market, the Board should not consider eliminating PRTC's obligations as a dominant carrier. In addition, before the Board considers eliminating PRTC's exclusive obligations, the Board must ensure that existing barriers to local competition have been removed, and that sufficient protections and conditions have been established.

Since the enactment of the Puerto Rico Telecommunications Law of 1996, competition in the telecommunications market in the island is growing, but it is still far from thriving. Even though several companies have obtained certification to provide facilities-based local exchange services, currently there is very little, if any, facilities-based competition for local exchange services in Puerto Rico. Aside from PRTC, Lambda Communications, Inc. ("Lambda") is the only facilities-based provider of local services in the island. Lambda has very limited facilities, which are in turn, limited to a small geographic area. Moreover, Lambda has targeted its telecommunications services to business rather than to the general public.

PRTC's position as a virtual monopoly of wireline services is a known fact in Puerto Rico, which has also been recognized by the Board as recently as March 31, 2000.<sup>5</sup>

---

<sup>4</sup>(...continued)

British Columbia (British Columbia Telephone Company), and the Northern Marianas Islands (Micronesia Telephone Company). In addition, GTE Corporation has substantial ownership in wireless providers in Argentina and Taiwan.

<sup>5</sup> See *LAMBDA COMMUNICATIONS, INC.; SPRINT INTERNATIONAL CARIBE, INC., et. al. v. PUERTO RICO TELEPHONE COMPANY*; Resolution and Order of Reconsideration (continued...)

**B. PRTC controls an overwhelming majority of all Central Office Codes.**

According to Lockheed Martin, the current administrator of the North American Numbering Plan ("NAMP"), PRTC controls most active central office codes, also known as NXX codes ("NXX Codes") in Puerto Rico. As of December 1999, of the 800 usable NXX Codes in Puerto Rico (including NXX Codes used for cellular and paging services) 339 are assigned to PRTC, 142 are currently unassigned, and 319 are presumed to be assigned to entities other than PRTC. This represents that PRTC currently has 51.5% of all NXXs in use and 42.4% of all available NXXs.<sup>6</sup> However, these numbers of NXX assigned to entities other than PRTC are predominantly wireless and paging companies. More importantly to the Board's present inquiry, Lambda has activated only 45 NXX Codes, which represent only 0.056% of all available NXXs in Puerto Rico. PRTC's control over the numbering resources in Puerto Rico is another clear example of the company's utter dominance over the telecommunications market in the island.

**C. Implementation of actual viable local exchange competition is a lengthy and costly process.**

As the Board is aware, construction of a facilities-based competitive local exchange network, no matter its size, is an expensive and time consuming affair that can not be accomplished in a short period of time. For instance, Primus Telecom is currently seeking certification as a competitive local exchange carrier in Puerto Rico. Under its business plan, Primus Telecom will need to resell PRTC's local services for a period of time, while it begins the design, construction and testing of

---

<sup>5</sup>(...continued)

Case No. 97-Q-0001 and 97-Q0003 (released March 31, 2000) page 1 (the "K-2 Tariff Proceeding").

<sup>6</sup> NAMP Central Office Code Assignments, NPA 787 ([www.nampa.com/number\\_resource\\_info/co/codes.html](http://www.nampa.com/number_resource_info/co/codes.html)).